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0-157A001

RECORDATION NO. 16568-F  
FILED 1423  
JUN 6 1990 -10 45 AM  
INTERSTATE COMMERCE COMMISSION

June 5, 1990

Ms. Noreta R. McGee  
Secretary, Interstate Commerce  
Commission  
Washington, D.C.

RECORDATION NO. 16568-F  
FILED 1423  
JUN 6 1990 -10 45 AM  
INTERSTATE COMMERCE COMMISSION

Dear Ms. McGee:

I have enclosed one original and one copy of each of the documents described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The documents are (i) Lease Amendment No. 1, dated as of May 1, 1990 (the "Lease Amendment"), to Master Equipment Lease Agreement No. 1989 A dated as of August 31, 1989 between Connell Finance Company, Inc., as Lessor, and Stone Container Corporation, as Lessee (as amended by the Lease Amendment, the "Lease") and (ii) Lease Schedule No. Series 2-No. 1 (the "Lease Schedule") thereto dated May 1, 1989. The Lease Amendment and the Lease Schedule are secondary documents and are connected to the Lease which was previously recorded on October 12, 1989 under Recordation Number 16568.

The names and addresses of the parties to the Lease Amendment and the Lease Schedule are as follows:

**Lessor:**

Connell Finance Company, Inc.  
45 Cardinal Drive  
Westfield, New Jersey 07090-1099

**Lessee:**

Stone Container Corporation  
150 North Michigan Avenue  
Chicago, Illinois 60601

RECEIVED  
JUN 6 1990 10 45 AM  
MOTOR OPERATING UNIT  
U.S. DEPT. OF COMMERCE

*Leonard A. Potter*  
*Mr. McGee*

MORGAN, LEWIS & BOCKIUS

Ms. Noreta R. McGee

- 2 -

June 5, 1990

A description of the equipment covered by the Lease Schedule follows: four EMD GP38 Locomotives manufactured by VMV Enterprises, Inc. bearing Road Numbers 500, 501, 507 and 511 and Serial Nos. 35419, 35421, 35430 and 35440.

A filing fee of \$30.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

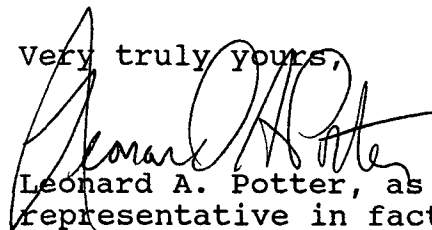
Leonard A. Potter, Esq.  
Morgan, Lewis & Bockius  
101 Park Avenue  
New York, NY 10178

A short summary of the documents to appear in the index follows:

Amendment No. 1, dated as of May 1, 1990, to Master Equipment Lease Agreement No. 1989 A dated August 31, 1989 between Connell Finance Company, Inc., as lessor, and Stone Container Corporation, as lessee.

Lease Schedule No. Series 2-No. 1, dated May 1, 1990 and connected to Master Equipment Lease Agreement No. 1989 A, dated August 31, 1989 between Connell Finance Company, Inc., as lessor and Stone Container Corporation, as lessee, covering four EMD GP38 Locomotives, Road Nos. 500, 501, 507 and 511 and Serial Nos. 35419, 35421, 35430 and 35440.

Very truly yours,



Leonard A. Potter, as  
representative in fact of  
Connell Finance Company, Inc.

# Interstate Commerce Commission

Washington, D.C. 20423

6/6/90

OFFICE OF THE SECRETARY

Leonard A. Potter  
Morgan, Lewis & Bockius  
101 Park Avenue  
New York, N.Y. 10178

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/6/90 at 10:45<sup>am</sup> and assigned recordation number(s). 16568-E & 16568-F

Sincerely yours,



Noreta R. McGee  
Secretary

Enclosure(s)

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AMENDMENT NO. 1

RECORDATION NO. 16568-1 FILED 1425

TO

JUN 6 1990 -10 45 AM

MASTER EQUIPMENT LEASE AGREEMENT INTERSTATE COMMERCE COMMISSION

Dated as of August 31, 1989

Between

CONNELL FINANCE COMPANY, INC.  
(Lessor)

and

STONE CONTAINER CORPORATION  
(Lessee)

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THIS AMENDMENT NO. 1, dated as of May 1, 1990, to the Master Equipment Lease Agreement dated as of August 31, 1989 between Company, Inc., as Lessor, and Stone Container Corporation, as Lessee is hereby made as follows:

The following sections hereby amend and restate in their entirety the corresponding sections in the Master Equipment Lease Agreement:

1. LEASE AGREEMENT: Subject to the conditions in Section 2, Lessor hereby leases to Lessee and Lessee hereby rents from Lessor all the machinery, equipment and other personal property ("*Equipment*") described in the Equipment lease schedule which will be executed by Lessor and Lessee in the form attached hereto and incorporated herein (the "*Schedule*") upon the terms and conditions set forth herein. Whenever reference is made herein to "this Lease" it shall be deemed to include the Schedule(s) identifying all items of Equipment and the terms and conditions of which are incorporated herein by reference.

3. REPRESENTATIONS AND WARRANTIES: Lessee represents and warrants that:

(a) The Lessee and each Subsidiary of the Lessee is a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation. The Lessee and each Subsidiary of the Lessee is duly qualified and in good standing as a foreign corporation, and is duly authorized to do business, in each jurisdiction in which the failure to so qualify would have a material adverse effect, either individually or in the aggregate, on the condition, properties, business or results of operations of the Lessee and its Subsidiaries taken as a whole.

The Lessee and each Subsidiary of the Lessee has all requisite corporate power and authority to own its assets and to carry on its business as presently conducted.

(b) This Lease and each other agreement related to the lease of Equipment contemplated hereby to which Lessee is a party and the Bills of Sale (the "Operative

Agreements") have been duly authorized, executed and delivered by Lessee and constitute the legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with their respective terms.

(c)(i) The consolidated balance sheet of Lessee and its subsidiaries as of December 31 of the year prior to that year in which the Schedule is dated and the consolidated statement of income and retained earnings for such fiscal year and (ii) the consolidated balance sheet and statement of income of Lessee and the subsidiaries as of the end of and for each subsequent quarterly period, prior to the execution of this Lease, have been delivered to Lessor and have been prepared in accordance with generally accepted accounting principles consistently applied, are correct in all material respects and present fairly the financial position of Lessee and its subsidiaries on a consolidated basis as of such date and the results of operations of Lessee and its subsidiaries on a consolidated basis for such period.

(d) As of the date of the applicable Schedule, there is no fact known to the Lessee (other than matters of a general economic nature not peculiar to the Lessee or its Subsidiaries) which materially and adversely affects the condition (financial or otherwise), properties, business or prospects of the Lessee and its Subsidiaries taken as a whole which has not been disclosed to the Lessor.

(e) There are no proceedings pending or, to the knowledge of Lessee, threatened against or affecting Lessee or any of its subsidiaries in any court or before any governmental authority or arbitration board or tribunal which concerns the Equipment, this Lease, any of the Operative Agreements or the lease of Equipment contemplated hereby or which, if adversely determined, would materially and adversely affect Lessee's ability to perform its obligations under any of the Operative Agreements. Lessee is not in default with respect to any material order of any court or governmental authority or arbitration board or tribunal which Default would reasonably be likely to have a material adverse effect on the properties, business, prospects or condition (financial or otherwise) of the Lessee and its Subsidiaries taken as a whole.

(f) The execution and delivery by Lessee of each of the Operative Agreements and compliance by Lessee with all of the provisions of said instruments (i) are within the corporate powers of Lessee and (ii) will not violate any provisions of any law, rule or regulation or any order of any court or governmental authority or agency and will not conflict with or result in any breach

of any of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or By-Laws of Lessee or any indenture, mortgage, conditional sale, loan or credit agreement or other instrument to which Lessee is a party or by which it may be bound or result in the imposition of any liens or encumbrances on any property of Lessee, in each case the consequences of which Default, breach or violation either in any one case or in the aggregate, would materially and adversely affect the condition (financial or otherwise), properties or prospects of the Lessee and its Subsidiaries taken as a whole.

(g) No Event of Default as defined in this Lease has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default as herein defined. Neither Lessee nor any of its subsidiaries is in default in the payment of principal of or interest on any indebtedness for borrowed money and no material default by Lessee or any of its subsidiaries (which default cannot be cured within any applicable grace period) has occurred under any instrument or agreement pursuant to which any indebtedness for borrowed money in excess of \$10,000,000 has been issued.

(h) Except to the extent not required to be obtained prior to the execution of the Lease, no consent, approval or authorization of any governmental authority is required on the part of Lessee in connection with the execution and delivery and performance of any of the Operative Agreements and Lessee has complied with all applicable provisions of law requiring the designation, declaration, filing, registration and/or qualification with any governmental authority in connection with the execution and delivery and performance of said instruments.

(i) The Lessee and each of its Subsidiaries has filed or caused to be filed all tax returns which are required to be filed, and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other material taxes, fees or other charges imposed on it or any of its property by any governmental authority (other than those the amount or validity of which is being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with generally accepted accounting principles have been provided on the books of the Lessee or such Subsidiary, as the case may be).

11. **OPERATING RULES AND REGULATIONS:** Lessee agrees to comply with all applicable local, state and Federal governmental laws, regulations and requirements relating to the operation and/or use of the Equipment, including the Interchange Rules and all other applicable rules of the Association of American Railroads (or any successor thereto), the Federal Railroad Administration and the Interstate Commerce Commission. In case any equipment or appliance on any Equipment shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Equipment in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, additions and replacements at its own expense and title thereto shall be immediately vested in Lessor.

13. **EVENT OF LOSS:** All risk of loss, damage, theft or destruction to each item of Equipment shall be borne by Lessee until the Equipment is returned to Lessor in accordance with this Lease. No such loss, damage, requisition, condemnation, theft or destruction of the Equipment, in whole or in part, shall impair the obligations of Lessee under this Lease all of which shall continue in full force and effect and Lessee, at Lessee's option, shall either (i) place the affected Equipment in good repair, condition and working order within 90 days of such loss or (ii) if the affected Equipment is a total loss, pay Lessor within 60 days of such loss the sum of the greater of (a) any settlement amount received pursuant to Interchange Rule 107 of the Association of American Railroads ("AAR"), (b) the proceeds from the sale of the damaged Equipment, or (c) Stipulated Loss Value with respect to such affected Equipment (which Stipulated Loss Value shall be the amount listed on the applicable Schedule) as of the rent payment date immediately preceding the date of loss plus all rent due or accrued, on a per diem basis, prior to the date such Stipulated Loss Value is paid.

22. **ASSIGNMENT BY LESSEE:** Without Lessor's prior written consent, which shall not be unreasonably withheld, Lessee may not, by operation or law or otherwise, (a) assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein or (b) sublet or lend the Equipment or permit same to be used by anyone other than Lessee or an affiliate or subsidiary of Lessee for use in similar service as originally intended by Lessee. Except as



permitted by the foregoing sentence or with the written consent of Lessor, Lessee agrees that it shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment. Irrespective of any permitted sublease, Lessee agrees to remain primarily liable to Lessor under all terms and conditions of this Lease. Lessor hereby acknowledges that the Lessee intends to assign or sublease the Equipment to its wholly owned subsidiary, The Atlanta and St. Andrews Bay Railway Company.

24. MAINTENANCE, REPAIRS AND RETURN OF EQUIPMENT: Lessee shall, at no expense to Lessor, maintain the Equipment in good repair and operating condition so that the Equipment complies with the applicable interchange standards set for such Equipment by the Association of American Railroads ("AAR"), or regulations of the Federal Railroad Administration ("FRA"), whichever is applicable, the Equipment is in good operating order by industry standards and fit for the purposes for which it was designed, and satisfies the tests described below;

a. All damaged or broken parts will be repaired according to AAR and/or FRA Specifications;

b. Exterior sides will be free of rust and corrosion, except for minor surface rust, and will be painted according to a standard paint scheme, free of any and all advertising and notices other than receiving numbers and Lessee's corporate identification;

c. Equipment will conform to United States Department of Transportation regulations or those of any other government agency having jurisdiction over the use and operation of the Equipment.

d. Equipment will be returned with undercarriage systems, including any related trucks and rollers of a type, size and quality standard according to original manufacturing specifications, and will be in good repair and operating condition.

Upon payment in full of all Rental Payments and all other sums due under this Lease for the Equipment described in any Schedule, unless Lessee shall have duly exercised any renewal or purchase option with respect thereto, Lessee will, at its expense, insure and deliver such items of Equipment to Lessor at any point on the Atlanta and Saint Andrews Bay Railroad or to any

connecting carrier designated by Lessor in writing, for disposition. In the Event of Default by Lessee under this Lease, Lessee will return the Equipment, relating to the Schedule to which the Event of Default applies, to Lessor in the same manner as above. All Equipment so delivered by Lessee to Lessor shall be returned to the designated location in the same condition as when first delivered to Lessee, reasonable wear and tear resulting from authorized use thereof alone excepted. Notwithstanding the foregoing, Lessee shall in no event return more than 50 items of Equipment within any 30-day period (unless Lessor consents otherwise) and if this results in some Equipment being delivered after the end of the lease term, the Lessee shall pay the daily equivalent of the last year's lease rentals (the "Daily Equivalent"), provided that, if at the end of the lease term, neither Lessee nor any affiliate of Lessee requires for the conduct of its business the use of the Equipment or of any equipment of a similar nature, Lessee shall not be required to pay the Daily Equivalent with respect to any item which may not be returned to Lessor as a result of the foregoing limitation on the return of Equipment.

Should Lessor take possession of the Equipment, Lessee shall deliver possession of such Equipment to Lessor and shall, in the case of railcars, give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Equipment so to return such Equipment. For the purpose of delivering possession of any Equipment to Lessor as required above, Lessee will, at its own expense and risk, at Lessor's request: (i) forthwith and in the usual manner cause such Equipment to be transported to the storage tracks of Lessee as Lessee may select, and there assembled; (ii) furnish storage of or arrange for Lessor to store such equipment on Lessee's storage tracks until such Equipment has been sold, leased or otherwise disposed of by Lessor, such period not to exceed ninety (90) days, except in the case of a default when such storage period shall be unlimited; and (iii) cause such Equipment to be transported to such interchange point or points as shall be designated by Lessor upon any sale, lease or other disposition of all or any of such Equipment. All movement to and storage of each piece of Equipment at Lessee's storage tracks is to be at the risk and expense of Lessee.

CONNELL FINANCE COMPANY, INC.

By: 

Printed Name: GROVER CONNELL

Title: PRESIDENT

Date: 5/14/90

STONE CONTAINER CORPORATION

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

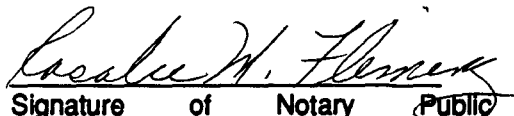
Date: \_\_\_\_\_

STATE OF MD  
COUNTY OF UNION ss.:

On this 14 day of MAY, 1990 before me personally known, who being by me duly sworn, says that he is the PRESIDENT of Connell Finance Company, Inc., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_, 1990 before me personally known, who being by me duly sworn, says that he is the \_\_\_\_\_ of Stone Container Corporation that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Signature of Notary Public

My Commission expires

ROSALIE M. FLEMING

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires March 13, 1995

\_\_\_\_\_  
Signature of Notary Public  
My Commission expires

CONNELL FINANCE COMPANY, INC.

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

STONE CONTAINER CORPORATION

By: *[Signature]*

Printed Name: MICHAEL B. WHEELER  
Vice President, Treasurer and Assistant Secretary

Title: \_\_\_\_\_

Date: MAY 1, 1990

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.:

On this \_\_\_\_\_ day of \_\_\_\_\_, 1990 before me personally known, who being by me duly sworn, says that he is the \_\_\_\_\_ of Connell Finance Company, Inc., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Signature of Notary Public  
My Commission expires

89-1754w

STATE OF ILL )  
COUNTY OF COOK ) ss.:

On this 1st day of MAY, 1990 before me personally known, who being by me duly sworn, says that he is the VP & TREASURER of Stone Container Corporation that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Nancy Van Alstine*  
Signature of Notary Public  
My Commission expires

